

Message Text

CONFIDENTIAL

PAGE 01 LISBON 01186 01 OF 05 151834Z
ACTION EUR-12

INFO OCT-01 ISO-00 ONY-00 SS-15 /028 W
-----026989 151945Z /42
R 151727Z FEB 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 4761

C O N F I D E N T I A L SECTION 1 OF 5 LISBON 1186

EUR ONLY

E.O. 11652: GDS
TAGS: PINT PO
SUBJECT: ADVANCING U.S. GOALS AND OBJECTIVES IN PORTUGAL:
OUR ASSESSMENT

REFS: (A) LISBON 1113, (B) LISBON 777, (C) LISBON 1088
(D) 77 STATE 291277, (E) 77 STATE 296053

SUMMARY: WE ARE MAKING GOOD PROGRESS TOWARD ACHIEVING
OUR GOALS AND OBJECTIVES IN PORTUGAL. THE FORMATION OF
THE PS/CDS MAJORITY GOVERNMENT HAS REINFORCED DEMOCRATIC
INSTITUTIONS. THE OUTLOOK FOR EARLY RENEWAL OF THE
AZORES AGREEMENT IS GOOD. PORTUGAL IS FIRMLY COMMITTED
TO NATO, BUT LACK OF EQUIPMENT IS PRODUCING SOME
QUESTIONING OF THE REASONABLENESS OF NATO-RELATED
MISSIONS. AND THE MAJOR TASK OF RETOOLING THE ECONOMY
REMAINS. SO FAR, PORTUGAL IS A POLITICAL SUCCESS STORY.
BUT THE FINAL CHAPTER IS NOT YET WRITTEN. ECONOMIC
PROBLEMS COULD STILL BRING DOWN DEMOCRATIC STRUCTURES.
THE PORTUGUESE CARRY THE MAJOR BURDEN OF RECOVERY, AND
WE MUST PRESS THE EUROPEANS NOT TO RELAX THEIR
SUPPORT. BUT, LIKE IT OR NOT, FOR THE FORESEEABLE
FUTURE WE PROVIDE A CRITICAL MARGIN OF DIFFERENCE.
END SUMMARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 01186 01 OF 05 151834Z

1. OVERVIEW: WE ARE MAKING GOOD PROGRESS TOWARD
ACHIEVING OUR FOREIGN POLICY GOALS AND OBJECTIVES
IN PORTUGAL.
-- CONSOLIDATION OF DEMOCRACY: THE FORMATION OF
THE PS/CDS MAJORITY GOVERNMENT IS AN IMPORTANT STEP
IN THE STRENGTHENING OF DEMOCRATIC INSTITUTIONS. GETTING
THERE WAS DIFFICULT, BUT THE PROCESS HAS STRENGTHENED

THE POLITICAL CENTER AND REDUCED THE DANGERS OF POLARIZATION.

-- ECONOMIC RECOVERY: THE MAJOR TASK OF RETOOLING THE PORTUGUESE ECONOMY REMAINS. AN HEROIC EFFORT WILL BE REQUIRED TO REDUCE THE BALANCE OF PAYMENTS DEFICIT TO MANAGEABLE PROPORTIONS. UNEMPLOYMENT AND INFLATION ARE HIGH AND COULD GO EVEN HIGHER. BUT THE COMPETENT NEW ECONOMIC TEAM HEADED BY VICTOR CONSTANCIO IS DETERMINED TO TURN THE SITUATION AROUND. AS A FIRST STEP IN THAT DIRECTION, A PORTUGUESE TECHNICAL MISSION IS NOW IN WASHINGTON MEETING WITH IMF REPRESENTATIVES, PREPARING FOR THE LATTER'S RETURN TO PORTUGAL IN MARCH.

-- STRENGTHENED NATO PARTICIPATION: THE KEY REMAINS THE ARMED FORCES MODERNIZATION PROGRAM, BUILD AROUND THE "NATO BRIGADE." PORTUGAL IS FIRMLY COMMITTED. BUT LACK OF EQUIPMENT, ESPECIALLY WITHIN THE AIR FORCE AND NAVY, IS PRODUCING GRUMBLINGS AND SOME QUESTIONING OF THE REASONABLENESS OF NATO-RELATED MISSIONS (REF A).

-- SUPPORT ON INTERNATIONAL AND BILATERAL ISSUES: GENERALLY HIGH MARKS. THE OUTLOOK FOR RENEWAL OF THE AZORES AGREEMENT REMAINS GOOD, ALTHOUGH THE PORTUGUESE HAVE BEEN LETHARGIC NEGOTIATORS. THEY WILL NEED PRODDING. SOARES, AND INCREASINGLY EANES, HAVE BEEN HELPFUL ON ANGOLA. PORTUGAL CONTINUES TO BE A STRONG HUMAN RIGHTS SUPPORTER, CONSISTENTLY LINING UP ALONG SIDE THE UNITED STATES IN INTERNATIONAL FORUMS; CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 01186 01 OF 05 151834Z

PORTUGAL RATIFIED THE NONPROLIFERATION TREATY IN NOVEMBER 1977.

2. EXAMINING OUR APPROACH: WE BELIEVE OUR POLICY LINES ARE SOUND:

-- IN SUPPORT OF DEMOCRATIC INSTITUTIONS: OUR CONTACTS WITH PORTUGUESE AUTHORITIES HAVE BEEN PRODUCTIVE; ASSISTANCE PROGRAMS HAVE BUTTRESSED DEMOCRATIC FORCES; CULTURAL AND INFORMATION ACTIVITIES HAVE UNDERSCORED OUR SUPPORT FOR THE DEMOCRATIC PROCESS; BILATERAL CONTACTS ARE EXPANDING; EXCHANGES WITH THE DEMOCRATIC PARTIES ARE FREQUENT AND PRODUCTIVE; OUR WARNING ABOUT THE IMPLICATIONS OF A RETURN TO AUTHORITARIAN RULE HAVE HAD A SETTLING EFFECT WITHIN THE ARMED FORCES; EFFORTS TO BRING SOCIALIST AND SOCIAL DEMOCRATS TOGETHER, HOWEVER, HAVE NOT PROSPERED.

-- ECONOMIC RECOVERY: PORTUGAL IS COMMITTED TO AN IMF STABILIZATION PROGRAM WHICH EMPHASIZES THE ROLE OF THE PRIVATE SECTOR; THE INTERNATIONAL LENDING PROGRAM TO EASE PORTUGAL'S BALANCE OF PAYMENTS PROBLEMS IS READY TO GO ONCE THE IMF GIVES THE GREEN LIGHT; BILATERAL PROGRAMS ARE MOVING WELL; PORTUGUESE DISCUSSIONS WITH THE EC ARE EXPANDING AS TALKS MOVE INTO SUBSTANTIVE AREAS.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LISBON 01186 02 OF 05 151853Z
ACTION EUR-12

INFO OCT-01 ISO-00 ONY-00 SS-15 /028 W
-----027280 151958Z /45
R 151727Z FEB 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 4762

C O N F I D E N T I A L SECTION 2 OF 5 LISBON 1186

EUR ONLY

--NATO PARTICIPATION AND MILITARY PROFESSIONALISM:
THE EQUIPMENT PROGRAM FOR THE BRIGADE IS ON TRACK, THE
GERMAN TANKS AND THE NEXT BATCH OF APC'S ARE EXPECTED
IN MARCH; PORTUGUESE EFFORTS TO OBTAIN EQUIPMENT FROM
NATO ALLIES ARE SLUGGISH BUT IMPROVING; EXCHANGE VISITS
AND PARTICIPATION IN NATO EXERCISES ARE INHIBITED BY
EQUIPMENT DEFICIENCIES, ESPECIALLY IN THE AIR FORCE AND NAVY.
-- SUPPORT ON INTERNATIONAL AND BILATERAL ISSUES:
RENEWAL OF THE AZORES AGREEMENT REMAINS AT THE TOP OF THE
LIST; COOPERATION IN INTERNATIONAL FORUMS IS EXCELLENT;
PORTUGUESE AUTHORITIES CONTINUE TO SUPPORT U.S. INITIATIVES
IN SOUTHERN AFRICA; DIALOGUE ON NORTH-SOUTH ISSUES IS
EXPANDING.

3. REVIEWING THE VARIABLES: THE FACTORS WHICH WERE
IDENTIFIED IN LAST YEAR'S ASSESSMENT AS LIKELY TO
DETERMINE THE SUCCESS OR FAILURE OF PORTUGAL'S EFFORT
TO MAKE DEMOCRACY WORK ARE STILL RELEVANT.
--THE PACE OF ECONOMIC RECOVERY: STILL THE SINGLE
MOST IMPORTANT FACTOR. THE GOVERNMENT UNDERSTANDS WHAT
HAS TO BE DONE AND FINALLY SEEMS TO HAVE THE WILL - AND
PARLIAMENTARY SUPPORT - TO DO IT. BUT EVEN UNDER THE
BEST OF CIRCUMSTANCES PROGRESS WILL BE EXCRUCIATINGLY DIFFICULT.
-- WILLINGNESS OF OTHERS TO HELP: THE IMF AGREEMENT
AND THE SERIES OF BILATERAL BALANCE OF PAYMENTS LOANS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 01186 02 OF 05 151853Z

ARE ESSENTIAL TO RECOVERY. BUT THEY WILL NOT BE ENOUGH. EARLY ACCESS TO THE IMF WITTEVEEN FACILITY WILL BE REQUIRED TO ENSURE THE DIFFICULT ADJUSTMENT PROCESS CAN BE KEPT WITHIN TOLERABLE POLITICAL LIMITS.

-- COHESION OF THE SOCIALISTS: SOME SOCIALISTS ARE UNHAPPY WITH THE MARRIAGE OF CONVENIENCE WITH THE CENTER DEMOCRATS. BUT THE PARTY ORGANIZATION IS FIRMLY BEHIND SOARES. A MORE RELEVANT FACTOR IS THE COHESION OF THE PS/CDS GOVERNMENT. OVER THE SHORT-TERM, AT LEAST, PROSPECTS ARE GOOD; THE LEADERS OF BOTH GOVERNING PARTIES HAVE AN OVERRIDING INTEREST IN MAKING THINGS WORK (REF B).

--UNITY OF THE ARMED FORCES: DESPITE RIPPLES OF DISCONTENT IN ALL THREE SERVICES, THE PRESIDENT STILL HAS THINGS IN HAND. CAREER CONCERNS AND PROBLEMS OF ADJUSTING TO A NEW PROFESSIONAL MISSION PERSIST AND BEAR CLOSE WATCHING (REF A).

-- THE TRADE UNION MOVEMENT: PROSPECTS REMAIN GRIM. IF ANYTHING, THE COMMUNIST-DOMINATED CGTP HAS GAINED STRENGTH DURING THE PAST YEAR. NON-COMMUNIST ELEMENTS REMAIN DIVIDED. BY ALLYING THEMSELVES WITH THE CDS, THE SOCIALISTS HAVE INCREASED THEIR VULNERABILITY ON THE LEFT. WITH THE SOCIAL DEMOCRATS IN OPPOSITION, PROSPECTS FOR PS/PSD COOPERATION IN LABOR HAVE DIMINISHED.

-- COOPERATION AMONG DEMOCRATIC PARTIES: THE PS/CDS UNDERSTANDING WAS A MAJOR BREAKTHROUGH. THE PSD, ON THE OUTSIDE, HAS PLEDGED SELECTIVE RATHER THAN SYSTEMATIC OPPOSITION. AND SOUSA FRANCO HAS MOVED THE PARTY TOWARD MODERATION, BUT SA CARNEIRO STILL CASTS A LONG SHADOW.

-- COMMUNIST STRATEGY: THE PCP GAME PLAN REMAINS THE SAME: STEPPED UP PRESSURE AGAINST THE GOVERNMENT WHILE ATTEMPTING TO COMPLICATE FULLER PORTUGUESE INTEGRATION INTO EUROPE. THE GOVERNMENT IS MOST VULNERABLE IN THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 01186 02 OF 05 151853Z

LABOR SECTOR. BUT AN ALL-OUT PCP OFFENSIVE WOULD CARRY HIGH RISKS WITH SCANT PROSPECTS FOR SUCCESS.

-- THE ROLE OF THE PRESIDENT: THE BEHIND-THE-SCENES ROLE PLAYED BY EANES WAS A MAJOR FACTOR IN PUTTING ACROSS THE PS/CDS AGREEMENT. EANES RESISTED MOUNTING PRESSURES TO PREEMPT THE ROLE OF THE PARTIES; DEMOCRATIC INSTITUTIONS HAVE BEEN STRENGTHENED AS A RESULT.

4. ISSUES:

(A) WHAT ROLE SHOULD WE PLAY IN THE PORTUGUESE ECONOMIC RECOVERY EFFORT? WHAT FUTURE FOR AID ACTIVITIES?

(B) HOW CAN WE PROMOTE THE PROMPT CONCLUSION OF A NEW AZORES AGREEMENT?

(C) WHAT ROLE SHOULD WE PLAY IN THE DEVELOPMENT
OF A PROFESSIONAL, NATO-ORIENTED MILITARY ESTABLISHMENT?
(D) HOW SHOULD BWE PURSUE THE U.S. MILITARY INTEREST
IN THE BEJA AIR BASE?

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LISBON 01186 03 OF 05 151902Z
ACTION EUR-12

INFO OCT-01 ISO-00 ONY-00 SS-15 /028 W
-----027341 151959Z /45

R 151727Z FEB 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 4763

C O N F I D E N T I A L SECTION 3 OF 5 LISBON 1186

EUR ONLY

5. WHAT ROLE SHOULD WE PLAY IN THE PORTUGUESE ECONOMIC
RECOVERY EFFORT? WHAT FUTURE FOR AID ACTIVITIES?

THE SUCCESSFUL IMPLEMENTATION OF ECONOMIC STABILIZATION
MEASURES IS CRUCIAL FOR THE SURVIVAL OF NASCENT DEMOCRATIC
INSTITUTIONS. FAILURE TO REDUCE SHARPLY THE NATION'S
EXTERNAL IMBALANCE WOULD, IN THE MEDIUM-TERM, FORCE A
PRECIPITOUS REDUCTION IN CONSUMPTION AND GENERAL WELL-
BEING. EFFORTS BY VARIOUS INTEREST GROUPS TO SUSTAIN
CONSUMPTION LEVELS WOULD CREATE SUFFICIENT SOCIAL-POLITICAL
STRIFE TO JEOPARDIZE THE POLITICAL STRUCTURE. A
STABILIZATION PROGRAM IMPLIES SHORT-TERM HARDSHIPS. IN
THE FACE OF JOB INSECURITY AND GROWING INFLATION, HOWEVER,
MOST PEOPLE APPEAR WILLING TO ACCEPT SUCH HARDSHIPS,
PROVIDED THE GOP IS RESOLUTE AND DELIVERS ON PROMISES
OF MEDIUM-TERM ECONOMIC IMPROVEMENT. RESPONSIBILITY
FOR RECOVERY RESTS SQUARELY WITH THE GOP, BUT WE CAN
PROVIDE MAJOR SUPPORT BY:

--ENCOURAGING THE GOP AND IMF TO REACH A SECOND
TRANCHE STANDBY ACCORD;
--CONCLUDING AGREEMENT ON THE USG DOLLARS 300
MILLION BALANCE OF PAYMENTS LOAN;
--PROVIDING A FY 79 BILATERAL ASSISTANCE PROGRAM
OF ABOUT DOLLARS 50 MILLION (THE PROGRAM MIX WILL BE
DISCUSSED IN SEPTEL) IF GOP IMPLEMENTS REALISTIC ECONOMIC
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 01186 03 OF 05 151902Z

POLICIES;

- MAINTAINING PL-480 AND CCC PROGRAMS AT ABOUT THE DOLLARS 125 MILLION LEVEL IN FY 79, OF WHICH PL-480 WOULD BE ABOUT DOLS 40 MILLION;
 - CONTINUING A MAP PROGRAM IN THE DOLLARS 25 MILLION RANGE FOR THE NEXT SEVERAL YEARS, INTER ALIA, TO REDUCE MILITARY PRESSURES ON THE BUDGET.
 - SUPPORTING AN EVENTUAL PORTUGUESE REQUEST TO DRAW ON THE IMF WITTEVEEN FACILITY;
 - PROMOTING RESOLUTION OF THE REMAINING PRIVATE U.S. INVESTMENT DISPUTES; AND
 - PRESSING THE PORTUGUESE TO IMPLEMENT ECONOMIC POLICIES THAT FAVOR AN OPEN ECONOMY.
- REJECTED ALTERNATIVES
- ALLOWING PORTUGAL TO DRAW DOWN OUR DOLLARS 300 MILLION BALANCE OF PAYMENTS LOAN BEFORE REACHING SUBSTANTIVE AGREEMENT WITH IMF.
 - TERMINATING BILATERAL ASSISTANCE, EXCEPT FOR MINIMAL PL-480 AND CCC CREDITS, AT THE END OF FY 78.
 - PROVIDING NO ADDITIONAL FIANCIAL ASSISTANCE, THEREBY FORCING PORTUGAL TO MEET ITS EXTERNAL REQUIREMENTS BY SEVERELY SQUEEZING THE DOMESTIC ECONOMY.

7. WHAT ROLE SHOULD WE PLAY IN THE DEVELOPMENT OF A PROFESSIONAL, NATO-ORIENTED MILITARY ESTABLISHMENT? BOTH WE AND THE PORTUGUESE KNOW WHAT IS NEEDED FOR PORTUGAL TO PERFORM ITS NATO MISSION. THE PORTUGUESE HAVE OUTLINED THE NEEDS TO THE AD HOC COMMITTEE IN BRUSSELS. BUT THE NATO ALLIES ARE NOT PREPARED TO PAY THE COST, AND, BOTH FOR POLICY AND ECONOMIC REASONS, WE DO NOT WANT TO DO IT ALL. WITH THIS IN MIND, WE SHOULD:

- GET THE MESSAGE TO THE PORTUGUESE ARMED FORCES REGARDING THE EXTENT OF U.S. AND EUROPEAN ECONOMIC AS

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 01186 03 OF 05 151902Z

WELL AS MILITARY AID. THE RECORD IS IMPRESSIVE. THE PRIORITIES ARE RIGHT. ECONOMIC RECOVERY MUST BE THE PRIMARY OBJECTIVE.

- CONTINUE TO REINFORCE PORTUGUESE EFFORTS TO SECURE EQUIPMENT FROM OTHER NATO ALLIES WHILE ENCOURAGING THE PORTUGUESE TO SCALE DOWN THEIR EXPECTATIONS.
- MONITOR CLOSELY VISITS BY U.S. MILITARY PERSONNEL AND SENIOR OFFICIALS TO AVOID FUELING PORTUGUESE ASPIRATIONS FOR MODERN EQUIPMENT.
- COMPLETE THE AGREED PROGRAM FOR OUTFITTING THE

BRIGADE, BUTTRESSED BY A MAP SUSTAINING PROGRAM FOR THE NEXT SEVERAL YEARS.

-- SUPPORT PORTUGUESE USE OF THE MILITARY COMPONENT OF THE AZORES QUID FOR A BEGINNING OF AN F-5E PROGRAM, STRESSING THAT COMPLETION OF THE SQUADRON WILL HAVE TO BE FINANCED BY GOP RATHER THAN USG RESOURCES.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LISBON 01186 04 OF 05 160806Z
ACTION EUR-12

INFO OCT-01 ISO-00 ONY-00 SS-15 /028 W
-----037514 160812Z /11

R 151727Z FEB 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 4764

C O N F I D E N T I A L SECTION 4 OF 5 LISBON 1186

EUR ONLY

--URGE THE PORTUGUESE NAVY TO MOVE AHEAD IN UPGRADING THE DEALEY'S AS IT SEEKS A VIABLE LONGER-TERM ALTERNATIVE.

--SUPPORT PORTUGUESE EFFORTS WITHIN THE ALLIANCE TO DEVELOP ADDITIONAL SOURCES OF FUNDING FOR EQUIPMENT PURCHASES (REF A).

REJECTED ALTERNATIVES:

-- URGE THE PORTUGUESE TO ACCEPT A PHASED, LONG-TERM MODERNIZATION PLAN WITH NO COMMITMENT AS TO SOURCE OF EQUIPMENT.

--ENCOURAGE THE PORTUGUESE TO PLACE LESS EMPHASIS ON FORCE MODERNIZATION ON THE GROUNDS THAT ALL AVAILABLE RESOURCES MUST BE DEVOTED TO ECONOMIC RECOVERY.

-- SHIFT OUR EMPHASIS TO THE MODERNIZATION OF THE AIR FORCE AND NAVY, FORCES WHOSE MISSION MAY BE MORE COMPATIBLE WITH NATO MILITARY REQUIREMENTS.

-- STAND DOWN IN OUR SUPPORT OF THE MODERNIZATION PROGRAM; LET THE REST OF THE ALLIANCE DETERMINE THE PACE.

6. HOW CAN WE PROMOTE THE PROMPT CONCLUSION OF A NEW AZORES AGREEMENT?:

THE FALL OF THE SOCIALIST GOVERNMENT AND THE ATTENDANT UNCERTAINTY IMPEDED ARRIVAL AT AN AZORES AGREEMENT IN

1977. THE PS/CDS GOVERNMENT PROGRAM, HOWEVER, CALLS FOR THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 01186 04 OF 05 160806Z

CONCLUSION OF NEGOTIATIONS ON AN URGENT BASIS. THE
FOREIGN MINISTRY HAS SIGNALLED ITS INTEREST IN MOVING
AHEAD (REF C). THE OBSTACLES REMAIN THE SAME:

--A DILATORY GOP NEGOTIATING STYLE.

-- THE UNEASY RELATIONSHIP BETWEEN THE CENTRAL AND
REGIONAL GOVERNMENTS.

--EXAGGERATED EXPECTATION ON THE PART OF THE
AZOREANS.

-- INABILITY OF THE PORTUGUESE ARMED FORCES TO GET
TOGETHER ON AN ACCEPTABLE MILITARY QUID.

IN THESE CIRCUMSTANCES, WE SHOULD:

-- CONTINUE TO PRESS FOR A RESPONSE TO OUR OCT 1977
PROPOSALS.

-- TAKE THE MATTER DIRECTLY TO SOARES AND EANES IF
A RESPONSE IS NOT RECEIVED PROMPTLY.

-- PROPOSE CHANGES IN EXISTING PRESIDENTIAL NEGOTIATING
AUTHORITY SHOULD THEY APPEAR NECESSARY TO CONCLUDE
AGREEMENT.

REJECTED ALTERNATIVES:

-- PUSH THE PORTUGUESE TO THE WALL. CONDITION OUR
BILATERAL BALANCE OF PAYMENTS LOAN ON RENEWAL OF THE
AZORES AGREEMENT.

-- STAND DOWN. DRAG THINGS OUT ON THE GROUNDS THAT
THE CURRENT ARRANGEMENT, WHICH COSTS US NOTHING, CANNOT
BE IMPROVED UPON.

8. HOW SHOULD WE PURSUE THE U.S. MILITARY INTEREST IN
THE BEJA AIR BASE?:

ELEMENTS OF THE U.S. MILITARY, SPECIFICALLY USCINCEUR
AND USAF, HAVE EXPRESSED A STRONG INTEREST IN ACCESS
TO FACILITIES AT THE BEJA AIR BASE IN SOUTHERN PORTUGAL.
THE PRIMARY INTEREST IS FOCUSED ON:

-- KC-135 AND C-130 BEDDOWN FACILITIES;

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 01186 04 OF 05 160806Z

-- MIDDLE EAST CONTINGENCY SUPPORT; AND

-- WEAPONS TRAINING FACILITIES.

SECONDARY INTERESTS INCLUDE:

-- AN AIR COMBAT MANEUVERING INSTRUMENTATION RANGE;

-- AIR COMBAT TACTICS TRAINING;

-- A FIGHTER WEAPONS TRAINING FACILITY; AND

-- DEPOT MAINTENANCE AND CONTINGENCY FACILITIES.

DOD, HOWEVER, HAS AGREED THAT ANY DISCUSSION OF THE BEJA

POSSIBILITY MUST AWAIT CONCLUSION OF THE LAJES
NEGOTIATIONS. NOW IS THE TIME TO PREPARE OURSELVES ON
THE BEJA ISSUE. TO THIS END, WE SHOULD TAKE THE FOLLOWING STEPS:
--REQUEST THE APPROPRIATE MILITARY COMMAND, THROUGH
DOD, TO EXAMINE OTHER OPTIONS FOR PERFORMING THE TASKS
IT HAS IN MIND FOR BEJA.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LISBON 01186 05 OF 05 151908Z
ACTION EUR-12

INFO OCT-01 ISO-00 ONY-00 SS-15 /028 W
-----027461 152002Z /45
R 151727Z FEB 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 4765

C O N F I D E N T I A L SECTION 5 OF 5 LISBON 1186

EUR ONLY

--REAFFIRM THE INSTRUCTIONS NOT TO DISCUSS BEJA
WITH THE PORTUGUESE UNTIL A POLICY DECISION IS REACHED
TO PROCEED OR DESIST.

-- IF THE DOD COST-BENEFIT ANALYSIS SHOWS THAT BEJA
MAKES SENSE FOR ONE OR MORE OF THE OPERATIONS BEING
CONSIDERED, THE EMBASSY SHOULD BE CHARGED WITH PREPARING
AN ASSESSMENT OF THE IMPACT ON BILATERAL RELATIONS,
INCLUDING THE LIKELY POLITICAL IMPACT IN PORTUGAL.

--FOR USE IN DISCUSSIONS AND POSSIBLE NEGOTIATIONS
WITH THE PORTUGUESE, DOD SHOULD PREPARE A SCENARIO
FOR MOVING GRADUALLY, OVER A PERIOD OF SEVERAL YEARS, TO
FULL UTILIZATION OF THE BEJA FACILITIES. SUCH A PHASED
PROGRAM SHOULD PERMIT A STOP-GO DECISION AT EACH STEP
TOWARD FULL UTILIZATION.

REJECTED ALTERNATIVES:

--MOVE WHILE THERE IS STILL TIME TO LINK BEJA WITH
THE AZORES NEGOTIATIONS.

--AUTHORIZE DOD TO PRECEED WITH INFORMAL DISCUSSIONS
WITH BOTH THE GERMANS AND THE PORTUGUESE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 01186 05 OF 05 151908Z

--FORGET THE BEJA POSSIBILITY.

9. ROLE OF OTHER AGENCIES: THE PURSUIT OF OUR GOALS
AND OBJECTIVES IN PORTUGAL IS A MISSION-WIDE EFFORT.

--AID, THROUGH PROJECT LENDING, TECHNICAL ASSISTANCE,
AND NEGOTIATIONS OF PL-480 COUNTERPART EXPENDITURES,
PROMOTES ECONOMIC RECOVERY AND STRENGTHENS DEMOCRATIC
INSTITUTIONS.

--DOD COMPONENTS, DAO AND MAAG, ARE OUR PRINCIPAL
CONTACTS WITH THE PORTUGUESE ARMED FORCES. MAAG,
THROUGH DAY-TO-DAY MANAGEMENT OF THE SECURITY ASSISTANCE
PROGRAM, PROMOTES CLOSER TIES TO NATO. BOTH MAAG AND
DAO ENCOURAGE MILITARY PROFESSIONALISM.

--USIA, PRIMARILY THROUGH INFORMATION, CULTURAL, AND
SPORTS ACTIVITIES, SUPPORTS MISSION OBJECTIVES ACROSS THE
BOARD. FOR EXAMPLE, NATO TOURS ARE SCHEDULED FOR MEDIA
AND PARLIAMENTARY GROUPS TO REINFORCE SUPPORT FOR THE
ALLIANCE.

--AGRICULTURE AND COMMERCE MAKE SIGNIFICANT
CONTRIBUTIONS; AGRICULTURE THROUGH PL-480 AND CCC
PROGRAMS, AND COMMERCE THROUGH PROMOTION ACTIVITIES WHICH
ENCOURAGE THE PRIVATE SECTOR.

10. A FINAL NOTE: SO FAR, PORTUGAL IS A POLITICAL
SUCCESS STORY. BUT THE FINAL CHAPTER IS NOT YET WRITTEN.
ECONOMIC PROBLEMS COULD STILL BRING DOWN DEMOCRATIC
STRUCTURES. THE PORTUGUESE CARRY THE MAJOR BURDEN
OF RECOVERY, AND WE MUST PRESS THE EUROPEANS NOT TO
RELAX THEIR SUPPORT. BUT, LIKE IT OR NOT, FOR THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 01186 05 OF 05 151908Z

FORESEEABLE FUTURE WE PROVIDE A CRITICAL MARGIN OF
DIFFERENCE.
FERRER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, FOREIGN POLICY POSITION, BRIEFING MATERIALS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 feb 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LISBON01186
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780070-0829
Format: TEL
From: LISBON
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780253/aaaabsue.tel
Line Count: 543
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b2e9f2d8-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: 78 LISBON 1113, 78 LISBON 777, 78 LISBON 1088, 77 STATE 291277, 77 STATE 296053
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3588868
Secure: OPEN
Status: NATIVE
Subject: ADVANCING U.S. GOALS AND OBJECTIVES IN PORTUGAL: OUR ASSESSMENT
TAGS: PINT, PEPR, PGOV, PO, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/b2e9f2d8-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014